

Message Text

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72

ACTION EUR-25

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TAGS: ETRD, UK, FR

SUBJECT: UK FIRM FORMS COMBINE WITH CGE IN TELEPHONE
EQUIPMENT FIELD

1. PLESSEY COMPANY CHAIRMAN SIR JOHN CLARK ANNOUNCED
IN LONDON MARCH 5 AN AGREEMENT WITH A SUBSIDIARY OF
COMPAGNIE GENERALE D'ELECTRICITE TO DEVELOP, MANUFACTURE
AND MARKET AN ELECTRONIC TELEPHONE EXCHANGE SYSTEM. THE
ANNOUNCEMENT REPORTEDLY WAS MADE SIMULTANEOUSLY BY CGE IN
PARIS. CLARK WAS QUOTED IN THE PRESS AS SAYING THAT THE
PROJECT WOULD BE ABLE TO SUPPLY FOR DELIVERY BY 1978 THE
MOST UP-TO-DATE TELEPHONE SWITCHING SYSTEM OUTSIDE THE
UNITED STATES. HE DESCRIBED THE UNDERTAKING WITH CGE'S
CIT-ALCATEL AS THE MOST IMPORTANT DEVELOPMENT IN TELE-
COMMUNICATIONS SINCE THE FORMATION OF THE COMMON MARKET.
CLARK SAID THE COMBINATION, WHILE REACHED INDEPENDENTLY,
HAD THE "BLESSING" OF THE U.K. POST OFFICE CORPORATION
AND THE FRENCH PTT.

2. THE FINANCIAL TIMES OF MARCH 6 NOTES THAT THE
COMMUNICATIONS SINCE THE FORMATION OF THE COMMON MARKET.
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CLARK SAID THE COMBINATION, WHILE REACHED INDEPENDENTLY,

HAD THE "BLESSING" OF THE U.K. POST OFFICE CORPORATION
AND THE FRENCH PTT.

2. THE FINANCIAL TIMES OF MARCH 6 NOTES THAT THE
ARRANGEMENT IS LOGICAL, PLESSEY, WHICH LACKS A TECH-
NOLOGICALLY ADVANCED AND MARKETABLE EXCHANGE, BRINGS TO
CIT ITS SYSTEM 250 STORED PROGRAM CONTROL PROCESSOR.
CIT FOR ITS PART WILL PROVIDE A PROVEN DIGITAL EXCHANGE.
ACCORDING TO PLESSEY, THE POTENTIAL WORLD EXPORT MAR-
KET BY THE 1980'S FOR THE SYSTEM, EXCLUDING THE U.S.,
GERMANY, AND JAPAN, IS VALUED AT 500 MILLION POUNDS.

3. COMMENT: THE STAKES ARE INDEED HIGH, EVEN IN THE
U.K. ALONE. THE POST OFFICE CORPORATION IS EXPECTED THIS
YEAR TO FIRM UP PLANS TO REPLACE ITS ELECTRO-MECHANICAL
STROWGER TELEPHONE EXCHANGE SYSTEM, WHICH BEGAN BEING
INSTALLED SOME 50 YEARS AGO, WITH, EVENTUALLY, AN ALL
ELECTRONIC SYSTEM. THE TOTAL COST OF THIS ELECTRONIC
SYSTEM OVER THE NEXT 10 OR 15 YEARS HAS BEEN ESTIMATED
BY SOME SOURCES AS HIGH AS 2,000 MILLION POUNDS. THE
POST OFFICE'S MORE CONSERVATIVE FIGURE, DETERMINED MORE
THAN TWO YEARS AGO, IS 400 MILLION POUNDS. PLESSEY
HISTORICALLY HAS BEEN A FAVORED TELEPHONE EQUIPMENT
SUPPLIER IN THE U.K. WITH A CONTROLLED 40 PER CENT OF
THE MARKET; GEC WITH 40 PER CENT OF THE MARKET AND ITT'S
STANDARD TELEPHONE AND CABLES (STC) WITH 20 PER CENT
ARE THE OTHER MEMBERS OF THE SUPPLIER "RING". THUS FAR
STC'S TXE4 ELECTRONIC EXCHANGE HAS SEEMED TO HAVE A
COMPETITIVE EDGE WITH THE POST OFFICE. A 15 MILLION
POUND ORDER FOR 18 STC EXCHANGES WAS PLACED IN 1971, WITH
THE FIRST OF THEM DUE TO COME INTO OPERATION IN EARLY
1975.

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